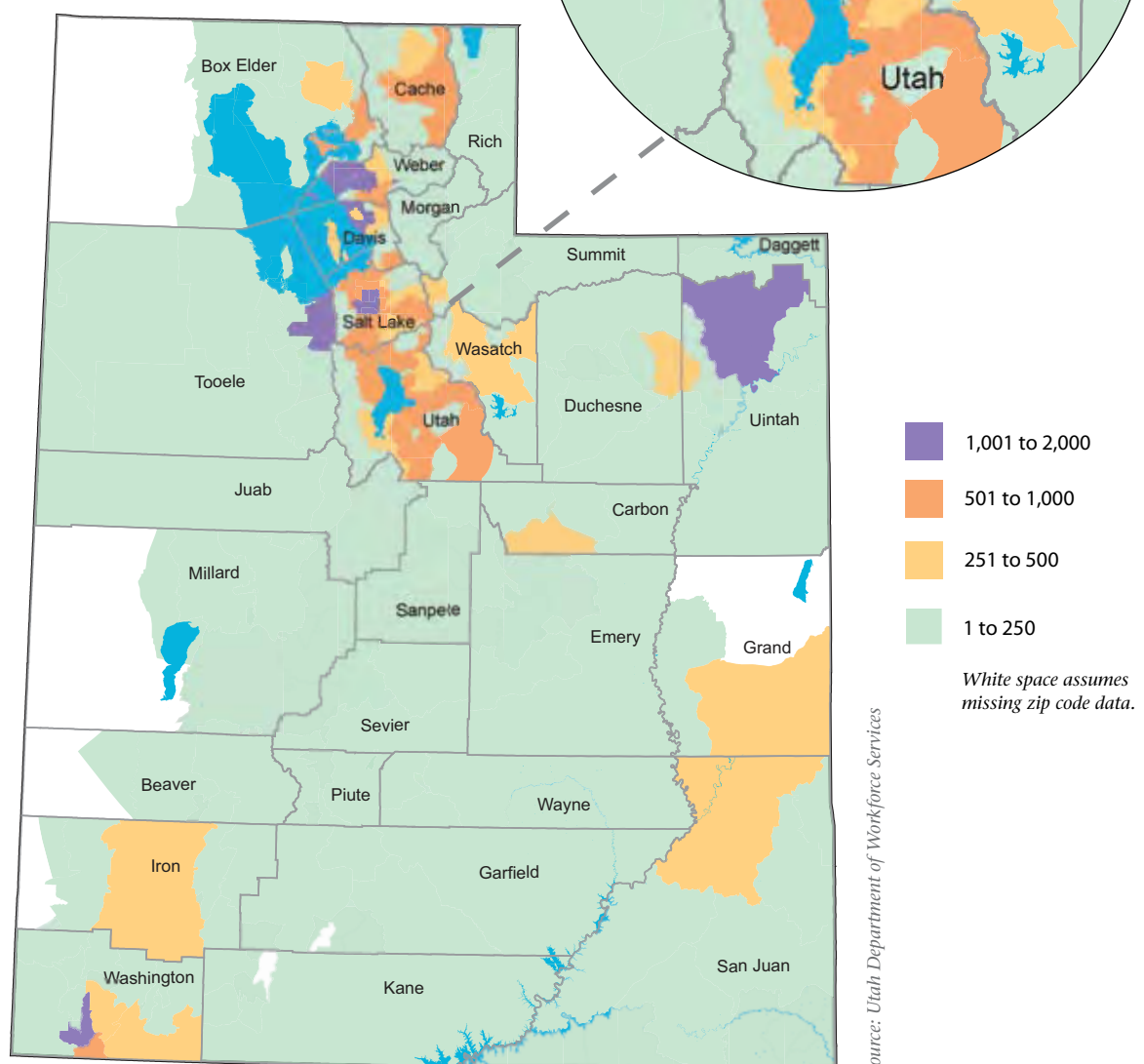


*Initial Unemployment Claims
by Zip Code*
January—April 2009



Profiling Job Losses Through Initial **Unemployment Claims**

Certain truisms are visible in Utah's claims profiling, one of which is that people with higher levels of education make more money than those with less and also have lower rates of unemployment.

Economists monitor economic variables as part of their analysis of the economy's performance. One current and quickly measureable variable is weekly initial unemployment insurance claims. This is an accounting of people who have recently lost a job and filed for unemployment benefits during a week. These claims can be quantified and summarized as rapidly as the following week. This quick profile makes initial unemployment claims one of the more leading of all economic variables. It is also a good measure of how the future employment variables may play out, as a rapid increase in claims portends significant job losses in the upcoming month's employment counts.

Utah's initial claims made a noticeable movement upward beginning in November 2008. As of May 2009, initial unemployment

claims were still running high in Utah. Compared against the same time period of the prior year, claims are three times higher this year. This isn't a surprise considering that the state and nation are in a severe economic downturn. Yet it signals that the employment losses associated with this downturn are not yet giving an indication of easing off.

Initial unemployment claims also offer a profile of those filing for unemployment relief. There are certain truisms within economic labor market observations. One is that people with higher levels of education make more money than those with less (generally speaking; individual results may vary). Going hand-in-hand with this is that those with more education also have lower rates of unemployment. Their obtained skills and knowledge are more in demand and more costly to replace, therefore employers are

more reticent about laying them off.

These truisms are visible in Utah's unemployment claims profiling. Utah's initial unemployment claims have been high this year, so it offers ample information for observation. Nearly three-quarters of all initial claimants had 13 years of education or less (a high school diploma would represent 12 years of education). Those with a bachelor's degree or higher accounted for only 12 percent of unemployment claims filed.

A map of Utah by zip code areas (the lowest level of claims data available) and populated with the number of initial claimants since the beginning of the year show a few "hot spots"—some a surprise, some not. Areas in West Valley City, northwest Davis County, and northwest Weber County are some of the non-surprise areas. Why? The

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Census reveals that these are areas with lower per-household income measurements.

If income corresponds with education levels, which inversely corresponds with unemployment activity, then one would expect claims activity to be higher in these areas.

Another area of non-surprise is St. George. Because of overbuilding and overpricing of housing in that area, it is Utah’s economically hardest-hit area. Therefore, it is not a surprise that claims are high there. As recently as two or three years ago it would have been a complete shock to see that number of claims there, given Washington County’s seemingly perpetual boom economy, but not now.

Two surprise “hot spots” are Vernal, and eastern Tooele County—but they both have probable answers. Vernal has had high claims in its past, so that’s not the surprise. The surprise is that when looking at the December

job growth numbers for that county (the most recent data available), job growth was around 10 percent. That was energy-driven growth (oil and gas). The high claims activity since January suggests that the energy industry’s fortunes out there may have turned on a dime. That theory matches with the flip in energy prices, and other anecdotal data surrounding the energy industry.

Initial claims in Tooele County are probably a demographic (and therefore an income) issue. There was a wave in the late 1990s and early 2000s of Salt Lake-based people going to Tooele County to build an affordable home. These commuters were young and of lower income. Therefore, when it comes time for layoffs, we have highlighted the vulnerability of lower incomes. We also need to highlight the vulnerability of age. If layoffs are based upon seniority (as oftentimes they are), then the younger workers lose their jobs first. That would impact that part of Tooele County. ●

Utah Weekly Initial Unemployment Insurance Claims January 2008 – May 2009



Source: Utah Department of Workforce Services